1.0 Introduction

This section describes the proposed agency action, provides a brief description of the Silver Bow generation project and project sponsors, states the purpose and benefits of the proposed project, describes the history and scope of this environmental impact statement (EIS), and identifies other state, local, and federal agencies that have overlapping or additional jurisdiction over the proposed project. This section also describes public participation and summarizes issues of concern raised during the scoping process.

1.1 Proposed Agency Action

The Proposed Action that the State of Montana Department of Environmental Quality (DEQ) is addressing in this EIS consists of five related permitting actions and the resultant Silver Bow generation project. Additional permits, licenses and certificates issued by DEQ, and other state, federal and local agencies are described in Appendix A.

- The granting of a Montana Pollutant Discharge Elimination System (MPDES) permit to Continental Energy Services (CES) by the Montana Department of Environmental Quality (DEQ) for wastewater discharge from the proposed Silver Bow generation project (the Project) power plant operations. This permitting action is required under the Montana Water Quality Act 75-5-101 et seq., Montana Code Annotated (MCA), and the Administrative Rules of Montana (ARM) 17.30.1301 et seq.
- The granting of an air quality preconstruction permit to CES for the Silver Bow generation facility prior to operation or construction of the facility under the Prevention of Significant Deterioration (PSD) regulations contained in the ARM Title 17 Chapter 8 subchapter 8.
- The granting of an air quality preconstruction permit to MPC for a natural gas compression stations prior to operation or construction of the facility under the Prevention of Significant Deterioration (PSD) regulations contained in the ARM Title 17 Chapter 8 subchapter 8.
- The granting of two alterations to existing air quality permits to MPC for the operation of two natural gas compressor stations (Montana Clean Air Act 75-2-200 et seq., MCA, and ARM 17.8.700 et seq.)

The Proposed Action is under consideration by the DEQ to provide the necessary DEQ environmental permits to construct and operate the Silver Bow Generation Project (the Project). The Project is composed of two major construction and operation activities, each proposed by two separate project sponsors and is shown in Figure 1-1.

- Construction and operation of a power generation plant located approximately five miles west of Butte, proposed by Continental Energy Services, Inc. (CES). The generation plant would be a natural gas-fired combined cycle combustion turbine electric generation plant located in the Silicon Mountain Technology Park (Technology Park) west of Butte,

Montana. The generation plant would utilize two natural gas fired combustion turbines and one matched steam turbine. These three turbines would have a combined nominal capacity of 500 megawatts (MW). The site for the generation plant is a 20-acre parcel and an additional 30-acre construction laydown area located just east of the Advanced Silicon Materials, Inc. (ASiMI) facility, in the northeast quarter of Section 35, Township 3 North, Range 9 West.

- Construction and operation of upgrades to an existing natural gas pipeline by Montana Power Company (MPC) that would extend from the Mainline Cut Bank compressor station to the proposed CES power plant. The Montana Power Natural Gas Pipeline Project (pipeline project) is required to meet the needs of the generation plant. The existing mainline natural gas pipeline would be expanded with three pipeline loops (Choteau, Wolf Creek and Silver City loops), and a tap would be constructed into the generation plant (Morel Tap). The pipeline project would be located in Teton, Lewis and Clark, Deer Lodge, and Silver Bow counties. A new compressor station would be located on the Silver City Loop. Two existing compressor stations, one at Cut Bank and one between the Choteau and Wolf Creek loops, would be upgraded.

This EIS has been prepared to comply with the Montana Environmental Policy Act of 1971 as modified by subsequent legislation (MEPA). The EIS focuses on major actions resulting from the Proposed Action that may have significant impacts on the human environment. The Proposed Action and two alternatives to the proposed action are evaluated in this EIS. The two alternatives include a No-Action Alternative and the Proposed Action with Mitigation Measures designed to reduce impacts from the Proposed Action. No alternative sites were identified as reasonable alternatives to project sponsor proposals. Resources evaluated in the EIS include land use, geology, soils, water, wetlands, vegetation, wildlife, fish, air, cultural and infrastructure.

1.2 Purpose for, and Benefits of, the Proposed Action

The Project would provide additional infrastructure and electricity to meet increased demand for power within the western United States, specifically those states in the Western System Coordinating Council (WSCC). The Project would sell power into the wholesale power market within the interconnected electricity grid of the WSCC. The WSCC has five subregions: California, Arizona-New Mexico (includes Southern Nevada), Rocky Mountains, Northwest U.S. and the Canadian provinces of Alberta and British Columbia.

Three new, half-mile long 161 kV power lines would be built to the ASiMI substation. The purpose of the power lines would be to connect power from the generation plant to MPC's grid. The purpose of the three pipeline loops, the new compressor and compressor upgrades, and the Morel Tap is to provide a pipeline with higher pressure and volume capacity than is currently available at the plant site.

The expected benefit of the Project would be the provision of a new source of electricity in a region where energy supplies have not kept up with demand. The Project power output would be used to supplement the electricity portfolios of customers. The Project would indirectly benefit

customers by enhancing the capacity of an interconnected transmission system. For example, the Project could increase the opportunity for competition in the regional energy market by increasing the total amount of electricity that could be reliably transmitted within the grid. In addition, power generated by the Project would compete with other independent generators, both inside and outside the region, for access to customers throughout the western United States interested in contracting for competitive power sales.

1.3 Project History and Scope of the EIS

Continental Energy Services, as a subsidiary to MPC, submitted an application to DEQ for a Certificate of Environmental Compatibility to construct and operate the Silver Bow Generation Project (Project) under the Montana Major Facility Siting Act (MFSA) in January 2001 (CES 2001a). CES withdrew their MFSA application May 15, 2001. CES is now under separate ownership from MPC.

CES and MPC have submitted separate permit applications for wastewater discharge and air emissions to DEQ to enable the construction and operation of the Silver Bow Generation Project as described in Section 2.1 of this EIS.

MEPA requires an environmental review whenever a State agency intends to issue a lease, permit, license, certificate or other entitlement for use or permission to act by the agency, either singly or in combination with other state agencies (75-1-201, MCA). The DEQ has determined that the collective permitting and certification approval actions listed in Section 1.1 and the resultant Silver Bow generation project require an Environmental Impact Statement (EIS) under MEPA. An EIS is the appropriate form of environmental review due to the potential for significant impacts from agency actions and resultant project sponsored activities.

Before preparation of the EIS, DEQ invited the participation of affected federal, state, and local government agencies, Indian tribes, the project sponsors, and interested persons and groups to identify the scope of the EIS. During the scoping process, DEQ also identified issues of concern, potentially significant issues and possible alternatives to the Proposed Action. Government agencies that participated in the scoping process and preparation of the EIS are identified in Chapter 6.0. Public participation and issues of concern are described in the following subsections. Alternatives to the Proposed Action are described in Chapter 2.0.

1.3.1 Public Participation

One of the prime objectives under MEPA is to involve the public through each step of the decision-making process. This is accomplished by (1) seeking preliminary comments on the purpose and need for the pending action and potential issues of concern, (2) requesting and evaluating public comments about the environmental review, and (3) informing the public of the final decision, and provide a justification for that decision in the form of a Record of Decision after review of the Final EIS.

To seek preliminary comments from the public, the DEQ and the project sponsors conducted five public scoping meetings. DEQ and the project sponsors presented the project description and provided a forum for input. Meetings took place in the following locations:

Ramsay, Montana	September 19, 2000
Helena, Montana	November 9, 2000
Silver City, Montana	March 19, 2001
Choteau, Montana	March 20, 2001
Butte, Montana	September 13, 2001

All public meetings were held in the evenings. Locations for the meetings were selected based on areas likely to experience the greatest impacts from the proposed project. The September 19, 2000, November 9, 2000, and both March, 2001 meetings addressed the proposed project as it was presented in the January 2001 Montana Major Facility Siting Act application. The September, 2001 meeting, held in Butte, Montana primarily addressed the proposed CES generation plant.

During the 30-day public comment period for this Draft EIS, the DEQ will conduct at least one public hearing before the comment period ends to provide the public an opportunity to comment on the alternatives presented in this EIS. Comments may also be submitted to the DEQ in writing at anytime during the 30-day period. Please send comments to Mr. Greg Hallsten at the following address:

Mr. Greg Hallsten
Montana Department of Environmental Quality
1520 East 6th Avenue
P.O. Box 200901
Helena, MT 59620

Comments may also be transmitted by Email to the following address:
silverbow_generation_comments@state.mt.us

Or by facsimile (Attention Mr. Greg Hallsten) to the following fax number: 406-444-1374.

1.3.2 Issues of Concern

Issues of concern raised during the scoping process and consultation with other agencies are listed below and categorized under the resource area in which each concern is addressed in Chapter 4 of the EIS. An expanded description of scoping comments is provided in Appendix B.

Land Use

- Impacts from noise and dust from construction of the generation plant to nearby residents.

- Impacts from noise and dust from construction of the pipeline in the Silver City Loop and Morel Tap ROW to nearby residents.
- Visual impacts from cooling tower lighting and steam emissions at the generation plant to nearby residents.
- Impacts to recreational fishing from reduced instream flows and streambed disturbance.
- Potential condemnation of property on the preferred right of way.

Geology

- Impacts to pipeline integrity from unstable geology and steep slopes.

Soils

- Impacts from sedimentation into streams and water bodies during construction activities.
- Impacts from the land application and disposal process.

Water

- Impacts to water quality in Silver Bow Creek from wastewater discharged from the generation plant.
- Impacts to water quality in Sheep Gulch from wastewater discharges.
- Impacts to groundwater quality from the proposed land application and disposal process.
- Impacts to surface water from sedimentation caused during pipeline construction.
- Impacts to existing water users on Warm Springs Creek from withdrawals for process water for the operation of the generation plant.

Wetlands

- Impacts to wetlands from pipeline construction.

Vegetation

- Impacts to native vegetation from disturbance of the pipeline right of way and generation plant construction.
- Impacts from noxious weeds.

Wildlife

- Impacts to nesting raptors, mountain plover and bighorn sheep from pipeline construction.

Fisheries and Aquatics

- Impacts to fisheries from sedimentation during pipeline construction, particularly to streams that contain spawning trout and/or native salmonid species.

- Impacts from water use and potential dewatering in Warm Springs Creek and water discharge into Silver Bow Creek.

Socioeconomic

- Impacts to tourist economy from loss of or impairment of the Missouri River fishery.
- Impacts to MPC rate payers due to proposed pipeline construction costs.

Health and Safety

- Impacts to human safety from pipeline ruptures.

Air Quality

- Air quality impacts due to emissions from the generation facility, as well as potential releases from the compressor stations.

Figure 1-1 Project Location